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STATE OF MICHIGAN
DEPARTMENT OF EDUCATION
LANSING



THOMAS D. WATKINS, JR.
SUPERINTENDENT OF PUBLIC
INSTRUCTION

MEMORANDUM

TO: School Districts Operating Educational Programs On The Grounds
of Child Caring Institutions and Juvenile Detention Facilities

FROM: Jacquelyn J. Thompson, Ph.D., Director
Office of Special Education and Early Intervention Services

DATE: July 21, 2003

SUBJECT: Criteria for Direct Funding Public School Programs On The Grounds
of Child Caring Institutions and Juvenile Detention Facilities

Enclosed is the "Criteria for Direct Funding Public School Programs Serving Pupils On The Grounds of Child Caring Institutions and Juvenile Detention Facilities" for the 2003-04 school year. Please review the criteria and revised application process before completing the 2003-04 budget application.

Also enclosed is the 2003-04 budget application. Please complete this form if necessary and return it to Dianne Easterling, Michigan Department of Education, Office of Special Education and Early Intervention Services, P.O. Box 30008, Lansing, Michigan, 48909, *no later than September 19, 2003.*

We look forward to working with you during 2003-04 school year in implementing the Section 24 fiscal and programmatic process. If you have questions regarding the budgetary process, please contact Dianne Easterling at (517) 241-4517.

Enclosures

OSE/EIS-03-15

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**CRITERIA FOR DIRECT FUNDING PUBLIC SCHOOL PROGRAMS
SERVING PUPILS ON THE GROUNDS OF CHILD CARING INSTITUTIONS
AND JUVENILE DETENTION FACILITIES**
(Revised July 2003 for the 2003-04 School Year)

Purpose

This document is designed to provide standards for reimbursing public school districts under various provisions of Section 24 of the State School Aid Act for pupils who, by court order or Michigan Family Independence Agency (FIA) assignment, reside or are educated on the grounds of a juvenile detention facility or child caring institution. These are facilities licensed by the Department of Consumer and Industry Services (CIS), formerly by FIA, as child caring institutions providing residential care and/or treatment services to children and adolescents.

Eligibility Criteria

Funding is limited to pupils who meet all of the following criteria:

1. The pupils are educated on the grounds of a facility licensed by the FIA as a child caring institution. Pupils in facilities with a day care or foster care license *do not* qualify.
2. The pupils are educated in the facility by order of a court or FIA. Pupils placed by their parents, community mental health, or private agencies *do not* qualify.
3. The pupils' behavior plan requires them to remain on the grounds for their educational hours and confined to the facility or home for *all* non-educational hours. State and federal civil rights regulations, as well as the state special education rule, require placement of pupils in the least restrictive environment.

Funding Sources

Public school districts that are approved to operate educational programs on the grounds of a juvenile detention facility or child caring institution have a number of funding options:

1. Collect the educating district's foundation allowance. Effective with the 1996-97 school year, Section 3(6) and Section 6(4)(D) of the State School Aid Act authorize the educating district to collect its foundation allowance for pupils residing in a juvenile detention facility or a child caring institution. (This is the foundation allowance of the district in which the facility is located.)
2. Apply for federal funds under ECIA Title I Neglected and Delinquent Enrichment funding.
3. Qualify for special education categorical aid. Section 51a of the State School Aid Act authorizes funding to districts that employ special education approved teachers to provide the instruction to all youth placed in a juvenile detention facility or child caring institution approved by the Department to provide an on-grounds educational program. The cost of educating special education pupils in Section 24 facilities are included in the determination of the state's obligation to reimburse districts for 28.6138% of the total necessary costs of special education under Section 51a and

may generate funds in addition to the foundation allowance paid for these pupils.

4. Claim Section 53 funding using the standard procedure identified in the directions for the Special Education Actual Cost Report (Form SE-4096). Programs approved to operate on the grounds of a juvenile detention facility or child caring institution may be approved to charge a portion of the costs to Section 53 based on the portion of eligible Section 53 pupils. The portion of costs billable to Section 53 is calculated by dividing the total fall pupil membership count into the Section 53 membership count. **Section 53 funding is limited to eligible special education pupils.** Pupil costs reimbursed under Section 53 *shall not* be reimbursed under Section 24.
5. Claim 100 percent of the added cost for education programs under Section 24 of the State School Aid Act. Added cost is computed by deducting all other state revenue received under the State School Aid Act, including the foundation allowance, Section 51a, Section 51a(3), Section 53a, Section 22b and Section 51c funds from the total approved expenditures.

Requesting Approval for Section 24 and Section 53 Funding

School districts must be approved by the Michigan Department of Education (MDE) to operate programs on the grounds of juvenile detention facilities or child caring institutions to receive funding under either Section 24 or Section 53 of the State School Aid Act prior to the first year of operation. In the initial year, the district must submit a written request for Section 24 and/or Section 53 funding to the Department of Education and receive approval to operate a program on the grounds of a juvenile detention facility or child caring institution. The Department may do periodic reviews to assure the program continues to meet the requirements for educating pupils in a restricted setting.

Direct written requests for the program's initial year for Section 24 or Section 53 funding to: Finance and Program Management, Michigan Department of Education, Office of Special Education and Early Intervention Services (OSE/EIS), P.O. Box 30008, Lansing, Michigan 48909. The request must contain the following:

1. The name and location of the juvenile detention facility or child caring institution.
2. The number of beds approved by the Michigan Family Independence Agency.
3. Evidence of CIS license. Further, if facilities have been added for educational purposes (not residential) please include evidence of approval by fire marshall and health department offices.
4. Other demographic or program information that will assist the Department to facilitate the district's education program for adjudicated youth.

The MDE staff will contact the district and arrange an on-site visit to review the program for approval. A copy of the program approval criteria is available from the OSE/EIS upon request.

Criteria for Approving Costs

Funding is contingent upon the submission and approval of a facility education budget (Attachment A) that is within the cost criteria that follow or a continuation of operation letter as described on page 5. These criteria will be used by the Department of Education in establishing a maximum budget for juvenile detention and child caring institutions approved to educate pupils on the grounds. Once the budget is approved, districts will have discretion regarding the actual assignment of staff.

Districts may not arbitrarily assign staff to these programs based on factors designed to place the highest salaried staff in these state 100% funded programs.

The percent of part-time staff that can be charged to Section 24 or Section 53 will be calculated using the lessor of 200 days or the number of days the district operates regular school year programs. These ratios apply to contract staff, as well as those employed by the district.

Example. The district qualifies for a liaison person to be employed 60 days. The district operates programs for 200 days. The district could claim 30 percent of the liaison person's salary and fringe benefits (60 divided by 200).

Ratios and multiples are subject to review by the Department. **Costs beyond these ratios must be assumed by the district.**

1. Teacher to Student Ratio. Districts will be funded based on the number of full-time equated pupils, enrolled on the September pupil count, for either:
 - 1 teacher for each 8 or more pupils, or
 - 1 teacher, 1 paraprofessional for each 10 or more pupils
2. School Liaison. The district may assign staff to liaison with the institution, coordinate IEPs, provide supervision, or otherwise help coordinate the program operated on the grounds of the child caring institution. *Three days* of liaison staff time will be funded for each pupil based on the number of licensed bed(s) or number of pupil(s) enrolled on the February count date whichever is greater with a *maximum of one liaison per facility*. This person may be a supervisor, principal, teacher consultant, or other professional who carries out this activity on either a full or part-time basis. The liaison staff person *must be on-site* for the time funded. The district's director of special education may not be reimbursed from Sections 24 or 53 to carry out this function.

Please be advised that persons who are not special education approved persons may not be funded under Section 52 or Section 53a. Such persons will be funded under Section 24. Please list the name of the person functioning as the school liaison and whether the person holds special education approval and the type of such approval.

Example: A facility which anticipates providing education to 20 students or has 20 licensed beds will have a maximum of 60 days of liaison staff (20 students beds x 3 days each).

3. Secretarial Staff. Three days of clerical time will be funded for each licensed bed or for each pupil enrolled on the February count date whichever is greater with a maximum of 1.5 FTE per facility. To qualify for Section 24 funding, the staff must be housed on the grounds of the child caring institution for the time periods funded.

Districts should be able to distinguish when the secretary is dealing with educational records which are funded under Sections 52, 53 and 24 and when the record keeping is a "facility" treatment function which should be paid for by the facility.

4. Diagnostic Personnel. A maximum of *two days* of diagnostic time during the detention/placement period will be funded for each new pupil for the services of a teacher consultant, school psychologist, school social worker, or school counselor.

In addition, a school social worker may be reimbursed for a maximum of two days for each new pupil referred to special education suspected of being emotionally impaired.

The district must keep records showing the actual time spent in the on-grounds program by diagnostic personnel on a pupil-by-pupil basis for audit purposes.

Example: A facility anticipates evaluating 120 pupils. The district wishes to employ a school psychologist to handle this function. The district will be approved for a maximum of 240 days (120 pupils x 2 days each) of this service.

The costs for the school counselor position may not be charged to Section 52 or Section 53 since such positions are not approvable under the special education administrative rules. Such costs will be reimbursed under Section 24 only.

5. Special Education Ancillary and Related Services. Services are to be billed on the actual time the staff works in the facility to meet the requirements for services established in each pupil's IEP. The district must keep records showing the actual time spent in the on-grounds program by personnel on a pupil-by-pupil basis for audit purposes.
6. Instructional Costs. These costs include supplies, professional development, non-staff purchased services, and capital outlay. Districts will be reimbursed a maximum of \$400 per pupil. This can be based on the number of residential pupils the facility is licensed to serve or the number of pupils educated on the February count date, whichever is greater. Instructional costs include items listed in the *Special Education Allowable Expenditures for State and Federal Funds* under object codes 3000 through 6000.
7. The following costs are not reimbursed:
 - a. Rent and Other Overhead Expenses. The child caring institution is responsible to provide facilities which meet the requirements of the Fire Marshall and Health Department for classroom space as a condition for serving pupils on the grounds. School districts may not claim any charge for rent. FIA reimburses the facility for its operation and maintenance.
 - b. Pupil Transportation. Transportation is not funded under Section 24. Special education day pupil transportation is funded under Sections 53 or 51a of the State School Aid Act.

Required Length of School Year

Programs must be scheduled the minimum of 180 days and the minimum number of clock hours of instruction required by the State School Aid Act. For the 2003-04 school year, the number of hours required is 1,098. The program will be funded to operate the same number of days and hours approved for the district's regular K-12 programs. Intermediate school districts may schedule the special education program housed at the child caring institution or at a juvenile detention facility the same number of days and hours provided for trainable mentally impaired programs but will not be reimbursed out of Section 24 for more than 200 days of instruction.

Costs for programs in excess of the 200 days are considered summer or enrichment programs and are not eligible for reimbursement under Section 24. In regards to summer programs for incarcerated youth, many districts are using Title I monies, contracting with

the court or sponsoring agency for financial assistance or securing funds from private or public endowments.

Reporting Final Costs

1. Each district applying for categorical aid under Sections 24 or 53 of the State School Aid Act must set up a cost center in its accounting system for each child caring institution and juvenile detention facility.
2. **Actual expenditure reports cannot exceed the Department's approved budget. Districts that experience program growth or decline during the school year need to request a budget amendment as the means of receiving Department approval to adjust the maximum amount that can be claimed.**
3. The operating district will be responsible to include a detailed list of expenditures charged to Section 52 and Section 53 on the *Special Education Final Cost Report Form* SE-4096, which outlines expenses by function and object code.
4. Diagnostic and other split-funded personnel must keep a record of the pupils evaluated and the time spent on each evaluation. The criteria found in Attachment B must be used to allocate final costs among Section 24, Section 52, and Section 53.
5. Documentation of costs must be maintained so that the Department can audit expenditures charged to Sections 24, 52, and 53 of the State School Aid Act. The district must also keep pupil attendance records in a format consistent with the State Board of Education's *Membership Accounting and Auditing Manual*. These records are also subject to review by the intermediate school district and the Department of Education pupil accounting auditors.
6. It is anticipated that these programs will be audited by the Department at least once every three years.

Application Process and Reporting Requirements

Public school districts approved to operate a program on the grounds of a child caring institution or a juvenile detention facility in the 2002-03 year need not to submit a new budget for the 2003-04 year. Such districts need to only submit a letter indicating they will continue to operate the program they operated in 2003-04. Payments for these districts will be the final approved payment the district received for the 2002-03 year as adjusted for the final reported cost.

Districts experiencing a bed increase or a program expansion of at least \$100,000 may elect to submit a new budget for 2003-04. Any bed increase must be supported by an approval from the Department of Consumer and Industry Services. A program expansion is defined as an increase in the number of pupils enrolled or the number of staff hired. Program expansion does not include the normal year to year staff salary or fringe benefit increases.

Requests for program or technical assistance information should be directed to:

Dianne Easterling, Consultant
Michigan Department of Education
Office of Special Education and Early Intervention Services
P.O. Box 30008
Lansing, Michigan 48909
Telephone: (517) 241-4517

MICHIGAN DEPARTMENT OF EDUCATION
Office of Special Education and Early Intervention Services
2003-04 Budget Application

ATTACHMENT A

Application for Funding Child Caring Institutions and Juvenile Detention Facilities under Sections 24 and 53 of the State School Aid Act for the 2003-04 School Year

Directions: Return the completed application to Dianne Easterling, Michigan Department of Education, Office of Special Education and Early Intervention Services,
P.O. Box 30008, Lansing, MI 48909 **by September 19, 2003**

School District Name: _____

District Code: _____

Name and Address of Facility: _____

Facility Telephone No.: () _____

School District Contact Person: _____

Contact Telephone No.: () _____

Maximum Bed Capacity Approved by the Family Independence Agency: _____

Planned Number of Days of Instruction: _____

Number of Day Pupils (**in FTE**) Served as of February 12, 2003: _____ (day pupils are those educated, but not residing on-grounds)

FY04 Foundation Allowance: _____

Total Pupil Count Data (**in FTE**) as of February 12, 2003: _____ (includes day and residential pupils)

Pupil Count Projected September 24, 2003:

Name of School Liaison: _____

Regular Education	Head Count _____	FTE _____	<u>Teacher-Aide-Student</u>
Section 52	Head Count _____	FTE _____	1 0 8 to 9
Section 53	Head Count _____	FTE _____	1 1 10+
Total	_____	Total _____	

Special Education Approval: Yes ____ No ____

If yes, type of approval: _____

Program	A	B	C	D	E	F	G	H1	H2	H3	H4	I
	Number of School Personnel in FTE		Salaries				Fringe Benefits	Instructional Costs				TOTAL Add Columns C thru H4
	Professional	Para-professional	Professional	Para-professional	Contracted professional	Contracted Para-professional		Supplies	Professional Development	Purchased Services	Capital Outlay	
								(\$400 maximum per pupil)				
Regular Ed Staff												
Special Ed Teachers												
Teacher Consultants												
Psychologists												
Speech												
Social Work												
School Counselor												
School Liaison												
Clerical Staff												
Other Staff *												
Total Costs												

Authorized Signature _____

Date _____

*Attach listing

ATTACHMENT B

MICHIGAN DEPARTMENT OF EDUCATION Office of Special Education and Early Intervention Services

SUBJECT: Accounting for the Time of Special Education Personnel Who are Assigned Part Time to Regular Education Programs

Purpose

This memorandum identifies the criteria and methods to be used by districts in meeting their obligation for documenting the time that staff persons with a split assignment are claimed for special education categorical reimbursement.

Personnel Qualifications

Section 51(4)(b) of the State School Aid Act reads in part:

...Special education approved personnel not utilized full time in the evaluation of students or in the delivery of special education programs, ancillary, and other related services shall be reimbursed under this section only for that portion of time actually spent providing these programs and services, with the exception of special education programs and services provided to youth placed in child caring institutions or juvenile detention programs approved by the Department of Education to provide an on-grounds educational program.

As indicated above, only “approved personnel” may have a split assignment. “Approved personnel” include special education teachers, teacher consultants, curriculum resource consultants and supportive professional personnel such as school psychologists and social workers, occupational and physical therapists, and other professional personnel approved by the Department under R340.1792.

Teacher assistants, instructional aides, secretaries, and other categories of para-professional personnel may not be split funded. They must be assigned for their full time employment with the district to special education to qualify for reimbursement.

Intermediate directors of special education must be assigned full time pursuant to R340.1750(2) of the Administrative Rules for Special Education.

Local directors of special education and special education supervisors must be assigned at least half time to special education administration as required by R340.1750 and R340.1751 of the Administrative Rules for Special Education.

Criteria

Special Education approved personnel with split assignment qualify for reimbursement during the time they are evaluating or providing service exclusively to special education students. A student is considered to be a “special education student” from the time the parents sign the referral form until the student is determined no longer eligible for special education through the IEPC process or reaches 26 years of age as of September 1.

Methods for Prorating Costs

1. Proration by the Number of Hours Students are Served

This method is recommended for teachers and other staff providing instructional services. This method requires counting the total number of hours each staff person with the split assignment works with students and divide that into the number of hours spent working exclusively with special education eligible students. This formula will identify the percent of cost for the special education person with the split assignment that will qualify for special education categorical reimbursement.

Formula:
$$\frac{\text{Hours with Special Education Students}}{\text{Total Hours with Students}} = \% \text{ Reimbursable}$$

The school district will be responsible for maintaining an assignment schedule for each approved person to verify the number of hours worked with special education students.

If this method is used with teacher consultants, teachers of the speech and language impaired, or other special education personnel with a flexible schedule, the district will be responsible for maintaining a log which will identify the special education students served by name, the building of assignment, and the amount of time the student received service from the special education staff person with a split assignment. If the assignment varies from month to month, a sample may be used. A sample should be taken once each semester. The worksheets for the DS-4061, Fourth Friday Membership Count, are acceptable documentation for September if that month is used in the sample.

Example: A teacher with a split assignment is contracted to work six hours a day. The teacher spends one (1) hour in preparation and five (5) hours of instruction. Two (2) hours are spent with special education students with the remaining three (3) hours being spent with regular education students. Using the above formula, we find that the teacher is assigned 40% of the time to special education ($2 \div 5 = 40\%$). This teacher would be reported as .4 professional personnel on the SE-4096 Final Cost Report and the teachers salary and fringe benefits would be multiplied by .4 to determine the amount of salary claimed on the final cost report for special education reimbursement.

2. Proration by Caseload

This method is used for school psychologists, school social workers, and other special education personnel whose activities require a flexible daily schedule. The total number of students served during the year is divided into the number of special education students. The resulting percentage is the amount of time that can be charged to special education for categorical reimbursement under Chapter 5 of the State Aid Act.

Formula:
$$\frac{\text{Special Education Students Served}}{\text{Total Students Served}} = \% \text{ Reimbursable}$$

School psychologists, school social workers, teachers of the homebound and hospitalized, or other special education personnel with split assignments using this method will maintain a roster showing the name of each student served and

will identify whether the student is a regular education student, special education student, or a special education referral.

Example: A school psychologist sees 110 students during the year. Fifty-five (55) of these students are either special education referrals or referred for re-evaluation. The district will claim this person on the SE-4096 as .5 ($55 \div 110 = 50\%$) professional and will multiply the psychologist's salary and fringe benefits by .50 to determine the amount of the psychologist's salary and fringe benefits that will be included for reimbursement on the SE-4096.

3. Proration by Function

This method is used for special education directors and supervisors. The district must use a reasonably accepted method to validate the time charged to special education.

- a. Split time allocation: This method is where a block of time is set aside where only one (1) job function occurs.

Example: The district assigns a person to administer special education and transportation. From 6:30 a.m. to 8:30 a.m. the administrator works out of the bus garage; from 8:30 a.m. to 1:30 p.m. s(he) works out of the special education office; from 1:30 p.m. on s(he) handles transportation issues. Transportation issues are scheduled from before 8:30 a.m. or after 1:30 p.m. The work of the two (2) programs is kept physically separated.

Formula:
$$\frac{\text{Hours in Special Education Office}}{\text{Total Hours Worked}} = \% \text{ Reimbursable}$$

- b. Daily log: A log listing the special education activities and time it takes is kept. Hours spent on special education are listed along with total hours worked. Activities such as staff meetings and conferences, which are not exclusively related to special education, are not counted.

Formula:
$$\frac{\text{Hours Working on Special Education}}{\text{Total Hours Worked}} = \% \text{ Reimbursable}$$

The district must maintain sufficient records for a monitor or auditor to be able to verify the amount charged to special education.

Claims for state aid may not be made based on estimates, assignments, contracts, other methods that cannot be measured and verified.

Intermediate District Responsibility for Reviewing Costs

Each intermediate district is expected to review the SE-4096 final cost report to ensure that:

1. All programs that are being claimed for reimbursement are approved in the intermediate plan as required in Section 52 and Section 53 of the State School Aid Act, and to notify the Department of any special education programs or services that are claimed for reimbursement and not approved in the intermediate plan.

2. Notify the Department of any personnel who are teaching without a certificate or who are providing special education ancillary and related services without approval of the Department in accordance with Section 1233(2) of the School Code of 1976.

Intermediate districts that check the costs reported by local districts as a condition for providing intermediate millage reimbursement under R340.1811 should notify the Department if they feel that a district's method for claiming state aid on a person who has a split assignment is inconsistent with the State Aid Act or does not provide an accurate reflection of the amount of time spent with special education students.

Technical Assistance

Questions regarding split-funded positions or procedures for documenting costs for split-funded personnel should be directed to the Michigan Department of Education, Office of Special Education and Early Intervention Services, Finance and Program Management, P.O. Box 30008, Lansing, Michigan 48909, or you may call (517) 241-4517.

Formerly II-013
May 5, 1994